



DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

[Docket No. FR-5921-N-04]

Implementation of the Privacy Act of 1974, as Amended; System of Records Notice

Amendment, Distributive Shares and Refunds Subsystem

AGENCY: Office of Housing, HUD.

ACTION: System of Records Notice Amendment.

SUMMARY: HUD is proposing to amend information published in the Federal Register about one of its system of records, Distributive Shares and Refunds Subsystem (DSRS). The revision implemented under this republication reflects administrative changes to the system of records location, authority, purpose, and records retention statements to refine previously published information, and incorporates a new coding structure to easily differentiate this system of records notice (SORN) from other program specific SORNs. This update improves previously published details in a clear and cohesive format. A more detailed description of the present systems status is republished under this notice. This notice deletes and supersedes prior notice published in the Federal Register at 72 FR 40890 on July 25, 2007. The scope and functional purpose in place for this system remain unchanged.

DATES: This action shall become effective immediately upon publication of this notice [INSERT DATE OF PUBLICATION IN THE FEDERAL REGISTER].

ADDRESSES: Interested persons are invited to submit comments regarding this notice to the Rules Docket Clerk, Office of the General Counsel, Department of Housing and Urban Development, 451 Seventh Street, SW, Room 10276, Washington, DC 20410-0500.

Communication should refer to the above docket number and title. Faxed comments are not accepted. A copy of each communication submitted will be available for public inspection and copying between 8 a.m. and 5 p.m. weekdays at the above address.

FOR FURTHER INFORMATION CONTACT: Frieda B. Edwards, Acting Chief Privacy Officer, 451 Seventh Street, SW, Room 10139, Washington, DC 20410, telephone number 202-402-6828 (this is not a toll-free number). Individuals who are hearing- and speech-impaired may access this number via TTY by calling the Federal Relay Service telephone number at 800-877-8339 (this is a toll-free number).

SUPPLEMENTARY INFORMATION: Publication of this notice allows the Department to satisfy its reporting requirement and keep an up-to-date accounting of its SORN publications. The amended SORN proposal will incorporate Federal privacy requirements and the Department's policy requirements. The Privacy Act provides individuals with certain safeguards against an invasion of their personal privacy by requiring Federal agencies to protect records contained in an agency system of records from unauthorized disclosure, by ensuring that the information collected is current and collected only for its intended use, and by providing adequate safeguards to prevent misuse of such information. In addition, this notice demonstrates the Department's focus on following industry best practices to protect the personal privacy of the individuals covered by this SORN. This SORN states the name and location of the record system, the authority for and manner of its operations, the categories of individuals that it covers, the type of records that it contains, the sources of the information for those records, the routine uses made of the records and the type of exemption in place for the records. This notice includes the business address of Department officials who will inform interested persons of the procedures whereby they may gain access to and/or request amendments to records pertaining to them.

This publication does not meet the threshold requirements established by the Office of Management and Budget (OMB) for filing a report to OMB, the Senate Committee on Homeland Security and Governmental Affairs, and the House Committee on Oversight and Government Reform as instructed by Paragraph 4c of Appendix I to OMB Circular No. A-130, "Federal Agencies Responsibilities for Maintaining Records About Individuals," November 28, 2000. Accordingly, this notice is being revised to provide non-substantive changes that clarify text published under the prior notice location, purpose, and retention and disposal of records sections.

Authority: 5 U.S.C. 552a; 88 Stat. 1896; 42 U.S.C. 3535(d).

Dated: April 8, 2016.

Patricia A. Hoban-Moore,
Senior Agency Official for Privacy.

BILLING CODE: 4210-67

System of Records No.: HSNB.SF/FB.01

System Name: Distributive Shares and Refunds Subsystem (DSRS)-A80D.

System Location: Department of Housing and Urban Development, 470 L'Enfant Plaza East, Room 3119, Washington, DC 20026; HUD Information Technology Systems Production Data Center in South Charleston, West Virginia, and Lanham, Maryland; and at the location of the service providers under contract with HUD.

Categories of Individuals Covered by the System: Homeowners (Mortgagors) who had Federal Housing Administration (FHA) mortgage insured loans and may be eligible for an upfront mortgage insurance premium (UFMIP) or distributive shares refund.

Categories of Records in the System: Homeowners (Mortgagors) information is made up of the following elements: borrower and/or co-borrower names, Social Security number (SSN), mailing address, property address, FHA case number, loan endorsement and termination dates, homeowners distributive shares refunds amount due, correspondence actions, including the number of times it was mailed to the homeowner, type of correspondence sent, and status of issued refund check.

Authority for Maintenance of the System: The National Housing Act and Section 7(d) of the Department of Housing and Urban Development Act, section 203; Pub. L. 89-174; 24 CFR 5.210, 24 CFR 200.1101; 24 CFR 203.35; Debt Collection Act of 1982, Pub. L. 97-365; Housing and Community Development Act of 1987, 42 U.S.C § 3543, titled "Preventing fraud and abuse in Department of Housing and Urban Development programs" and enacted as part of the Housing and Community Development Act of 1987, which permits the collection of SSN.

Purpose(s): The DSRS was designed in response to a Congressional mandate, wherein HUD established a new method for collecting and processing FHA UFMIP refunds or distributive share

payments. The DSRS maintains records on individuals that are entitled to either two types of payments: (1) an UFMIP refund, or (2) a distributive share payment. The system is operated by the Department's Office of Single Family Insurance Operations to service unclaimed terminated loan transactions, should a homeowner terminate their mortgage insurance prior to loan maturity, entitling the homeowner to a premium refund. The DSRS records, controls, and tracks appropriations data for all terminations, disbursements, transfers, transactions, and produces daily, weekly, monthly, quarterly, and annual reports on these transactions. The system gives the Department's operating areas access to their own cash data, provides management access to all the cash data in prescribed formats, produces appropriation reports in accordance with the Federal Credit Reform Act of 1990, 2 U.S.C. 661 et. seq., produces and transmits monthly cash reconciliation to the Department's accountants, and processes returned checks, check tracer actions, and related correspondence for distribution to homeowners.

DSRS interfaces with the following systems to facilitate payment and refund transactions:

- (1) Single Family Insurance System (SFIS) – to calculate the unearned portion of the UFMIP for eligible cases, to send refund data to the DSRS for distribution of payments to the homeowner for the unearned portions of the UFMIP or distributive shares.
- (2) Single Family Premium Collection Subsystems (SFPCS) Upfront, and the Single Family Premium Collection Subsystems for Periodic (SFPCS-P) – to receive refund data from DSRS to generate the UFMIP refund or distributive share payments.
 - a. Equally important, the Department utilizes the DSRS to generate correspondence actions to attempt to notify each unpaid mortgagor of their FHA insurance refund for a period of 2 years. This process occurs once the Department receives notification of a mortgage insurance termination. After this 2-year hold, the Department makes

available to the general public a cumulative listing of any unpaid refund that remains unpaid. The information includes the homeowner's name, last known address, FHA case number, termination data, and refund amount. This information is also made available to the public by HUD's refund database, "Does HUD Owe You a Refund?"

Routine Uses of Records Maintained in the System, Including Categories of Users and the Purposes of Such Uses. In addition to those disclosures generally permitted under 5 U.S.C.

Section 552a(b) of the Privacy Act, all or a portion of the records or information contained in this system may be disclosed outside HUD as a routine use pursuant to 5 U.S.C. 552a(b)(3) as follows:

- (1) To authorized requesters or third party tracers who request access to UFMIP and distributive shares homeowner refund information, when such information is unavailable on HUD's FOIA reading room or refunds database websites. This information is releasable under FOIA. Third party release of this material may require authorized consent of the homeowner to whom the records belong, and must adhere to all HUD procedures prior to release.
- (2) To the U.S. Department of the Treasury for collection and disbursement of check transactions.
- (3) To the recorders' offices for recording legal documents and responses to offsets (i.e., child support) or other legal responses required during the servicing of the insured loan to allow HUD to release mortgage liens, and respond to bankruptcies or deaths of mortgagors to protect the interest of the Secretary of HUD.
- (4) To the Office of Inspector General to investigate possible fraud revealed in servicing homeowners refunds to allow HUD to protect the interest of the Secretary.

- (5) To contractors, grantees, experts, consultants and their agents, or others performing or working under a contract, service, grant, or cooperative agreement with HUD, when necessary to accomplish an agency function related to a system of records. Disclosure requirements are limited to only those data elements considered relevant to accomplishing an agency function. Individuals provided information under this routine use conditions are subject to Privacy Act requirements and disclosure limitations imposed on the Department.
- (6) To appropriate agencies, entities, and persons when:
- a) HUD suspects or has confirmed that the security or confidentiality of information in a system of records has been compromised;
 - b) HUD has determined that as a result of the suspected or confirmed compromise there is a risk of harm to economic or property interests, identity theft, or fraud, or harm to the security or integrity of systems or programs (whether maintained by HUD or another agency or entity) that rely upon the compromised information; and
 - c) The disclosure made to such agencies, entities, and persons is reasonably necessary to assist in connection with HUD's efforts to respond to the suspected or confirmed compromise and prevent, minimize, or remedy such harm for purposes of facilitating responses and remediation efforts in the event of a data breach.
- (7) To appropriate agencies, entities, and persons to the extent that such disclosures are compatible with the purpose for which records in this system were collected, as set forth by Appendix I¹ – HUD's Library of Routine Uses published in the Federal Register.

Policies and Practices for Storing, Retrieving, Accessing, Retaining, and Disposing of Records in the System:

¹ <http://portal.hud.gov/hudportal/documents/huddoc?id=append1.pdf>

Storage: Electronic records are maintained on the mainframe and on CD and DVD. Paper records are maintained in locked file cabinets and destroyed immediately after electronic imaging and payment verification has occurred. This is usually done within 30 days of receipt.

Retrievability: Records are retrieved by FHA case number and by an individual's name. Paper records are not retrieved from the system.

Safeguards: CDs and DVDs are maintained in secured office space and secure file rooms to which access is limited to those personnel who service the records. Access to electronic records is granted by user ID and password and to users who have a need to access such records. Paper records are maintained in locked file cabinets and destroyed immediately after electronic imaging and payment verification has occurred.

Retention and Disposal: DSRS records are maintained in accordance with HUD's Deposition General Records Schedule 1.1, Financial Management and Reporting Records, Item 010. Paper records do not require storage by the Federal Records Center. Paper records consist of the HUD form, HUD-27050-B (Application for Premium Refund or Distributive Share Payment), which is transferred to electronic media, and then destroyed immediately after electronic imaging and payment verification has occurred. Paper records are destroyed by shredding. Paper records are maintained for a period not to exceed 30 days. CD and DVD images of records are maintained for 40 years after which they are destroyed as instructed by guidelines outlined in HUD's IT Security Handbook (2400.25), pursuant to NIST Special Publication 800-88 "Guidelines for Media Sanitization."

System Manager(s) and Address: Department of Housing and Urban Development, Office of Single Family Insurance Operations Division, Chief, Disbursements and Customer Service Branch, 470 L'Enfant Plaza East, Room 3119, Washington, DC 20026.

Notification and Record Access Procedures: For Information, assistance, or inquiries about the existence of records contact Frieda B. Edwards, Acting Chief Privacy Officer, 451 Seventh Street, SW, Room 10139, Washington, D.C. 20410, telephone number 202-402-6828. When seeking records about yourself from this system of records or any other HUD system of records, your request must conform with the Privacy Act regulations set forth in 24 CFR part 16. You must first verify your identity by providing your full name, current address, and date and place of birth. You must sign your request, and your signature must either be notarized or submitted under 28 U.S.C. 1746, a law that permits statements to be made under penalty of perjury as a substitute for notarization. In addition, your request should:

- (1) Explain why you believe HUD would have information on you.
- (2) Identify which HUD office you believe has the records about you.
- (3) Specify when you believe the records would have been created.
- (4) Provide any other information that will help the Freedom of Information Act (FOIA) staff determine which HUD office may have responsive records.

If you are seeking records pertaining to another living individual, you must obtain a statement from that individual certifying their agreement for you to access their records. Without the above information, the HUD FOIA Office may not be able to conduct an effective search, and your request may be denied due to lack of specificity or lack of compliance with applicable regulations.

Contesting Records Procedures: The Department's rules for contesting contents of records and appealing initial denials appear in 24 CFR part 16, Procedures for Inquiries. Additional assistance may be obtained by contacting Frieda B. Edwards, Acting Chief Privacy Officer, 451 Seventh Street, SW, Room 10139, Washington, D.C. 20410, or the HUD Departmental Privacy Appeals

Officers, Office of General Counsel, Department of Housing and Urban Development, 451 Seventh Street, SW, Room 10110 Washington D.C. 20410.

Record Source Categories: The records maintained by the system are provided directly by the homeowners, by completion of the Uniform Residential Loan Application (form HUD-92900-A). Information is also collected by the mortgagees (lenders), who collect the personal information from the homeowner and enters the information into the HUD Single Family Computerized Home Underwriting Management System (CHUMS). After the case is endorsed, CHUMS sends case data to SFIS, which is maintained in SFIS until the case is terminated (non-claim, claim, or other type of cancellation). Once the case is non-claim terminated, termination data is sent to the DSRS.

Exemptions from Certain Provisions of the Act: None.

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